

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN COMMITTEE ROOM
2/3, CIVIC OFFICES, ANGEL STREET, BRIDGEND ON THURSDAY, 16 NOVEMBER
2006 AT 2.15PM

Present:-

Councillor J C Spanswick - Chairperson

Councillors

Councillors

D T Anderson
D A D Brett
A E Davies
G Davies

P A Evans
R M Granville
M C Wilkins

Officers:

C Eades - Assistant Director - Transportation and Engineering
G Evans - Principal Officer - Parks and Playing Fields
N Meredith - Head of Internal Audit
G Doak - Group Auditor
I Pennington - KPMG
R Harries - Trainee Cabinet and Committee Officer

147 APOLOGIES FOR ABSENCE

Councillor Teesdale - Medical appointment
Councillor Simmonds - Medical appointment
A Phillips - Assistant Director - Finance

148 NON-ATTENDANCE DUE TO OTHER COUNCIL BUSINESS

None.

149 DECLARATIONS OF INTEREST

None.

150 MINUTES OF PREVIOUS MEETINGS

- RESOLVED: (1) That the minutes of the meetings held on the 4 October 2006 be approved as a true and accurate record.
- (2) That the minutes of the meeting held on 26 October 2006 be approved as a true and accurate record, subject to them being amended to show that A McQuaid was a representative of the Welsh Audit Office, not KPMG.

With regard to minute number 136, where the Assistant Director - Finance had agreed to send a written report to Members on the amounts held in balances by Directorates, Members were reminded that this information had been included in the Statement of Accounts 2005/06, presented at the meeting on the 26 October 2006.

151 NATIONAL FRAUD INITIATIVE (NFI) 2006/07

The Head of Internal Audit submitted a report which informed the Committee of the current position in respect of the Council's participation in the National Fraud Initiative 2006/07. He noted that this now included data matching for creditor payments.

RESOLVED: That the report be noted.

152 COMPLETED AUDITS

The Head of Internal Audit submitted a report on recently completed audits. Members agreed that they would look at those audits that were satisfactory first, and consider the unsatisfactory audits in conjunction with the urgent supplementary report.

Regarding the audit of Catering Services, the Group Auditor advised that the audit had been conducted prior to the introduction of new policies regarding school meals.

Members queried whether other departments were currently charged for audits undertaken. The Head of Internal Audit advised that the system by which this would be achieved was still under development.

Regarding Penyfai Replacement School Project, the Group Auditor confirmed that a project manager was now in post.

Regarding Council Tax, concerns were raised by Members concerning the amount of time taken to authorise refunds, checking the single persons discount entitlement and the lack of a formal agreement between the Authority and the Recovery Company. It was agreed that the Corporate Services Overview and Scrutiny Committee would be better placed to further investigate these issues.

RESOLVED: (1) That the report be noted.

(2) That the issues identified regarding Council Tax refunds, single persons discount entitlement and the agreement between the Authority and the Recovery Company be referred to the Corporate Services Overview and Scrutiny Committee.

153 URGENT SUPPLEMENTARY REPORT

The Head of Internal Audit submitted the above report, which the Chairperson had accepted as urgent. The purpose of the report was to provide Members with copies of the Internal Audit reports in respect of the audits of Junction 36 Project and Play Areas, which were attached at Appendices A and B respectively.

The Head of Internal Audit advised that he had thought it more appropriate to delay consideration of the report to a later meeting, as work on a number of key points was still ongoing - for example, the procurement review.

Members agreed that it had been previously decided that the Head of Internal Audit could exercise his discretion when considering whether or not to bring a full report of unsatisfactory audits to the Committee. However, Members expressed their wish

that all future unsatisfactory audits should be reported to the Committee, unless there was an unusually large number of them.

Regarding the audit of the Junction 36 Project, the Group Auditor advised that it had been decided to audit the project whilst it was ongoing. A fundamental concern had been raised regarding the lack of original documentation to support EU grant claims, as these were usually held by the contractor.

The Assistant Director - Transportation and Engineering advised the Committee that it had been decided to audit the project before its completion in order to highlight and resolve any weaknesses. He noted that he did not totally agree with the audit findings, in so much as it was important to have a flexible contract in order to cope with potential changes in a large project such as this one. Whilst there was no written evidence or policy indicating how this particular form of contract had been chosen in this case, the Assistant Director - Transportation and Engineering indicated that guidelines had been put in place since the audit. He added that the EEC contract, which had been used in this case and would be used in the future, had proved to be very successful. In response to queries from Members, he advised that a cost consultant firm had been employed. He added that the project had been a positive scheme, carried out on target and with minimal disturbance.

In response to further queries from Members, the Assistant Director - Transportation and Engineering advised that difficulties in communication had been caused by WEFO's reorganisation and joining WAG. Since this process was now complete, the situation had improved.

Regarding the Play Areas audit, the Principal Officer - Parks and Playing Fields advised that he accepted the findings of the audit and supported its suggestions. However, he noted that the project was making good progress, with 90% of play areas now conforming to Health and Safety requirements.

Following questions from Members, the Principal Officer - Parks and Playing Fields advised that actions had been implemented prior to receipt of the audit report, therefore some of the implementation dates needed to be revised. He advised that the Health and Safety Executive had agreed to extend the timescale for the completion of the remaining eleven play areas. He confirmed that the relevant Town and Community Councils had made a commitment to part fund the remaining play areas.

The Committee suggested that a project manager could be sourced from other directorates or departments, given that the Parks and Playing Fields department was under pressure. The Principal Officer - Parks and Playing Fields advised that whilst this approach could result in good, innovative designs, it could prove very time consuming. He then outlined the benefits of using a number of different companies to supply the play areas, in order to provide sufficient variety.

In response to questions from Members, the Principal Officer - Parks and Playing Fields agreed that there were potential savings to be made by purchasing in conjunction with other local authorities. However, this was difficult to organise. It was suggested that it would be more practical to work together on ongoing maintenance.

RESOLVED: (1) That the report be noted.

- (2) That all future unsatisfactory audits should be reported to the Audit Committee, unless there is an unusually large number of them.

154 PRESENTATION OF THE CHIEF INTERNAL AUDITOR

RESOLVED: That the presentation be deferred to the next meeting of the Audit Committee.

The meeting closed at 4.25pm.